



THE REPUBLIC OF UGANDA

THE COOPERATIVE SOCIETIES ACT, CAP. 107

BYE-LAWS

OF

UGANDAN GRADUATES SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED

(UG-SACCO)

Status	First bye-laws, submitted with Form 1 for registration
Adopted at	Inaugural General Meeting held on
Registration number	
Registered office	Kampala, Uganda

Study · Save · Borrow · Invest · Grow · Together

ARRANGEMENT OF BYE-LAWS

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KEY RULES AT A GLANCE

This page summarises the main rules of the Society in plain language. It is a guide only; where there is any difference, the bye-laws that follow prevail.

Table A: Key rules of Ugandan Graduates SACCO

Subject	Rule	Bye-law
Who may join	Ugandan graduates aged 18 and above; and students aged 18 and above admitted to a university or tertiary institution, on proof of admission	11
Student members	Full members with a vote; minimum 10 shares (UGX 100,000); monthly contribution UGX 10,000; may borrow Innovation and Emergency loans with a guarantor; become ordinary members on graduation	11
Cost of joining	Entrance fee UGX 20,000; minimum 20 shares of UGX 10,000 each, payable within 12 months	13
Monthly contribution	At least UGX 20,000 every month: 60 percent to Compulsory Savings, 40 percent to Ordinary Savings	24
Access to ordinary savings	The 40 percent portion can be withdrawn at any time of the day through the app, USSD or mobile money	24
Interest on savings	Between 4 and 9 percent per annum	24
Interest on loans	Never above 13 percent per annum, on the reducing balance	52
Who sets interest rates	The Board, within the limits and member value tests: loans cheaper than banks, savings at least as good as banks and inflation	52
Sharing of surplus	Interest rebates to borrowers and bonus interest to savers from each year's surplus	74
Before borrowing	Save regularly for at least 6 months and complete enterprise training	54
Protection from over-borrowing	Total monthly repayments not above 40 percent of the member's net income	54
Voting	One member, one vote; no proxies	34
Board	Nine elected directors, four-year term, maximum two terms, at least one-third women	35, 38
Political neutrality	No partisan politics in the Society; politicians may not hold office	10
Complaints	Acknowledged within 2 working days and resolved within 10 working days	64
Safety of savings	At least 20 percent of savings kept liquid; independent audit every year	27, 72
Reporting	Performance published to members every quarter	73

STANDARDS ADOPTED BY THE SOCIETY

In addition to the Cooperative Societies Act, Cap. 107, and the Cooperative Societies Regulations, the Society commits itself to the following recognised standards of good practice, in so far as they are consistent with the law of Uganda:

Table B: Standards of good practice adopted

Standard	Applied in these bye-laws to
International Cooperative Alliance Statement on the Cooperative Identity and its Guidance Notes	Values, principles, democratic control and member education
World Council of Credit Unions (WOCCU) PEARLS monitoring system and credit union governance practice	Prudential standards, reserves, provisioning, liquidity and Board governance
Client protection standards for responsible financial services	Fair pricing, transparency, prevention of over-indebtedness, fair treatment, privacy and complaints
Financial Action Task Force (FATF) Recommendations, as applied by the Anti-Money Laundering Act	Customer identification, record keeping and reporting
International Financial Reporting Standards (IFRS), including expected credit loss provisioning	Accounts, provisioning and financial reporting
Data Protection and Privacy Act, 2019	Collection, use and protection of members' information

Where any of these standards is stricter than the minimum required by law, the Society shall follow the stricter standard, provided that doing so does not contravene the Act or the Regulations.

CHAPTER ONE: PRELIMINARY

1. Name

- (1) The name of the Society is **Ugandan Graduates Savings and Credit Cooperative Society Limited**, in these bye-laws called "the Society" and abbreviated as **UG-SACCO**.
- (2) The Society is a primary savings and credit cooperative society registered under the Cooperative Societies Act, Cap. 107.

2. Registered address

- (1) The registered address of the Society shall be Plot, Road, Kampala, P.O. Box, Kampala.
- (2) The Society shall:
 - (a) notify the Registrar of any change of address within one month; and
 - (b) display its name and address outside its premises.

3. Area of operation

- (1) The area of operation of the Society shall be the whole of Uganda.
- (2) The Society may:
 - (a) serve members in the diaspora through approved digital channels; and
 - (b) open regional offices and campus chapters with the approval of the Board, ratified by the general meeting.

4. Liability

The liability of members of the Society is limited by shares.

5. Law applicable and standards

- (1) These bye-laws are made under the Cooperative Societies Act, Cap. 107 ("the Act") and the Cooperative Societies Regulations ("the Regulations").
- (2) The Society shall also comply with every other law governing the licensing and supervision of savings and credit institutions.
- (3) Where a bye-law is inconsistent with the Act or the Regulations, the Act or the Regulations prevail.
- (4) The Society adopts the standards of good practice set out at the beginning of these bye-laws, and shall follow the stricter standard wherever it is consistent with the law.

6. Interpretation

In these bye-laws, unless the context otherwise requires:

- (a) "**Board**" means the Board of Directors of the Society, being the committee of the Society within the meaning of the Act;
- (b) "**Delegate**" means a member elected to represent members at the Delegates Assembly;
- (c) "**District Commercial Officer**" means the officer responsible for cooperatives in the district where the registered address is situated;
- (d) "**good standing**" means a member who has paid the minimum shares or is up to date on instalments, is up to date on monthly contributions, and has no loan or guarantee in arrears for more than thirty days;
- (e) "**graduate**" means a person who holds a certificate, diploma or degree from a university or tertiary institution accredited in Uganda, or an equivalent qualification from a recognised foreign institution;

- (f) **"Government programme window"** means an arrangement under which funds of a Government programme are lent to members through the Society under a written agreement;
- (g) **"insider"** means a member of the Board or the Supervisory Committee, the Manager, a senior officer, or a related party of any of them;
- (h) **"institutional capital"** means the reserves and retained surpluses of the Society that do not belong to any individual member;
- (i) **"key facts statement"** means the one-page summary of a loan or savings product required by bye-law 59;
- (j) **"Registrar"** means the Registrar of Cooperative Societies;
- (k) **"related party"** means a spouse, child, parent, brother or sister of a person, or a business in which that person or any of them holds a controlling interest;
- (l) **"special resolution"** means a resolution passed by at least two-thirds of the members or delegates present and voting at a general meeting; and
- (m) **"student member"** means a member admitted under bye-law 11(2) on proof of admission to a university or tertiary institution.

7. Statement on cooperative identity

- (1) **Definition.** The Society is an autonomous association of graduates and students of universities and tertiary institutions united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.
- (2) **Values.** The Society is based on the values of:
 - (a) self-help;
 - (b) self-responsibility;
 - (c) democracy;
 - (d) equality;
 - (e) equity; and
 - (f) solidarity;

and its members believe in the ethical values of honesty, openness, social responsibility and caring for others.

- (3) **Principles.** The Society shall operate according to the following principles:
 - (a) voluntary and open membership;
 - (b) democratic member control;
 - (c) member economic participation;
 - (d) autonomy and independence;
 - (e) education, training and information;
 - (f) cooperation among cooperatives; and
 - (g) concern for community.

CHAPTER TWO: OBJECTS AND POWERS

8. Objects

The objects of the Society are to:

- (a) encourage thrift among members by mobilising their savings and share capital;
- (b) provide members with credit at fair and reasonable rates, primarily for productive purposes in agriculture, value addition, innovation, trade and services;
- (c) serve as a channel through which Government programmes and development partner funds intended for graduates are lent to members under written agreements;
- (d) organise members into enterprise groups and clusters and link them to markets, technology and technical support;
- (e) educate members in cooperative principles, financial management and enterprise;
- (f) contribute to the attainment of Uganda Vision 2040 and the National Development Plan by creating jobs and raising members' incomes; and
- (g) carry out any other lawful activity incidental to these objects.

9. Powers

To achieve its objects the Society may, subject to the Act, the Regulations and these bye-laws:

- (a) receive savings and deposits from members;
- (b) lend to members;
- (c) borrow within the limit fixed by the general meeting;
- (d) enter into agreements with Government, financial institutions and development partners;
- (e) acquire, hold and dispose of property;
- (f) invest its funds as permitted by the Act;
- (g) affiliate to cooperative unions and apex bodies; and
- (h) do all things necessary for the attainment of its objects.

10. Political and religious neutrality and non-discrimination

- (1) The Society shall be neutral in politics and religion. Its name, logo, premises, funds and meetings shall not be used for partisan political or religious mobilisation.
- (2) No person holding partisan political office, or office in the executive of a political party, shall be eligible for election to the Board or the Supervisory Committee.
- (3) Membership and services shall be open to all eligible graduates and students without discrimination on any of the following grounds:
 - (a) sex;
 - (b) religion;
 - (c) ethnicity;
 - (d) disability;
 - (e) region; or
 - (f) political opinion.

CHAPTER THREE: MEMBERSHIP

11. Qualifications for membership

- (1) A person qualifies for ordinary membership if he or she:
 - (a) is a Ugandan citizen of not less than eighteen years of age;
 - (b) is a graduate;
 - (c) holds a National Identification Number or, for members in the diaspora, a valid Ugandan passport; and
 - (d) agrees in writing to abide by these bye-laws.
- (2) A person qualifies for student membership if he or she:
 - (a) is a Ugandan citizen of not less than eighteen years of age;
 - (b) has been admitted to, and is studying at, a university or tertiary institution accredited in Uganda, or a recognised foreign institution;
 - (c) produces proof of admission, namely an admission letter together with a current student identity card or proof of registration for the current academic year;
 - (d) holds a National Identification Number; and
 - (e) agrees in writing to abide by these bye-laws.
- (3) A student member is a full member of the Society and has the rights of an ordinary member under bye-law 14, including the right to vote, subject to the following:
 - (a) a student member may save in any savings product;
 - (b) a student member may borrow only through the Innovation and Technology Loan, the Emergency Loan, and such other products as the Board approves for students, and only with a guarantor who is an ordinary member;
 - (c) a student member may be elected as a delegate or to a campus chapter committee, but not to the Board or the Supervisory Committee until he or she becomes an ordinary member; and
 - (d) a student member shall confirm his or her continued registration at the start of every academic year.
- (4) A student member becomes an ordinary member on producing proof of graduation, without paying a further entrance fee, and keeps all his or her shares, savings and record of membership. He or she shall raise his or her shareholding from the student minimum of 10 shares to the ordinary minimum of 20 shares within twelve months of graduation.
- (5) A student member who leaves the institution without graduating may remain a member with the approval of the Board, and shall be treated as an ordinary member for all purposes.
- (6) A registered company, partnership or cooperative owned and controlled by graduates may be admitted as a corporate member and shall vote through one appointed representative.

12. Admission

- (1) Application for membership shall be made in writing or electronically, in the form approved by the Board, with proof of identity and either proof of the qualification held or, for a student member, proof of admission under bye-law 11(2)(c).
- (2) The Board shall approve a membership policy setting out the criteria and checks for admission, including:
 - (a) verification of identity through the National Identification and Registration Authority or a valid passport;
 - (b) verification of the qualification held or, for a student member, of the proof of admission;
 - (c) payment of the entrance fee and the first instalment of share capital; and
 - (d) any other check required by law, including anti-money laundering checks.

- (3) The Manager shall admit every applicant who meets the criteria in the membership policy, and shall inform the applicant of the decision within seven days of receiving a complete application.
- (4) Where an applicant does not clearly meet the criteria, or where the Manager has reason to recommend rejection, the Manager shall refer the application to the Board, which shall decide within thirty days.
- (5) Only the Board may reject an applicant. A rejected applicant shall be informed of the reasons in writing and may appeal to the next general meeting.
- (6) The Manager shall submit to every monthly meeting of the Board a report of members admitted, applications referred and members who have ceased to be members, and the Board shall ratify the admissions by resolution.
- (7) No member shall exercise any right of membership until he or she has paid the entrance fee and the first instalment of share capital.

13. Entrance fee, shares, savings and subscription

Table 1: Membership payments

Item	Amount
Entrance fee (ordinary, corporate and diaspora members)	UGX 20,000, not refundable
Entrance fee (student members)	UGX 10,000, not refundable; no further fee on graduation
Value of one share	UGX 10,000
Minimum shareholding (ordinary member)	20 shares (UGX 200,000), payable in instalments within twelve months of admission
Minimum shareholding (student member)	10 shares (UGX 100,000), payable in instalments within twenty-four months of admission
Minimum shareholding (corporate member)	100 shares (UGX 1,000,000)
Maximum shareholding of any member	10 percent of the total paid-up share capital
Monthly contribution	Not less than UGX 20,000 per month for ordinary members and UGX 10,000 for student members: 60 percent to Compulsory Monthly Savings and 40 percent to Ordinary Voluntary Savings (bye-law 24)
Annual subscription	UGX 12,000

The general meeting may revise these amounts, subject to the Act and the Regulations.

14. Rights of members

Every member in good standing has the right to:

- (a) attend, participate and vote at general meetings, each member having one vote only;
- (b) stand for office, subject to these bye-laws;
- (c) use the services of the Society on equal terms with other members;
- (d) receive interest on savings, and dividends and rebates when declared;
- (e) receive clear information on every product before using it, as provided in Chapter Eleven;
- (f) inspect a copy of the Act, the Regulations, these bye-laws and the register of members free of charge during business hours;
- (g) receive the annual report and audited accounts; and
- (h) complain and have the complaint resolved under bye-law 64.

15. Duties of members

Every member shall:

- (a) comply with the Act, the Regulations, these bye-laws and lawful decisions of the Society;
- (b) pay the entrance fee, shares, monthly contribution and subscription on time;
- (c) give true and complete information when applying for any service;
- (d) use every loan for the purpose approved and repay it on time;
- (e) guarantee fellow members responsibly;
- (f) patronise the services of the Society;
- (g) attend general meetings and member education; and
- (h) meet the debts of the Society in case of insolvency, to the extent of his or her liability.

16. Register of members and nominees

- (1) The Society shall keep a register of members showing for each member:
 - (a) name and identification number;
 - (b) qualification and address;
 - (c) date of admission;
 - (d) shares held;
 - (e) nominee; and
 - (f) date of cessation of membership.
- (2) Every member shall nominate in writing a person or persons to whom his or her shares, savings and other interests shall be paid on death, and may change the nomination at any time.

17. Cessation of membership

A person ceases to be a member on:

- (a) death;
- (b) withdrawal under bye-law 18;
- (c) expulsion under bye-law 19;
- (d) transfer of all his or her shares;
- (e) failure for ninety days, after written notice, to hold the minimum shareholding; or
- (f) dissolution of the Society.

18. Withdrawal

- (1) A member may withdraw by giving ninety days' written notice, provided that he or she has no outstanding loan, guarantee or other liability to the Society.
- (2) On withdrawal:
 - (a) savings shall be refunded within thirty days of the effective date of withdrawal; and
 - (b) share capital shall be refunded from the Share Transfer Fund, or by transfer to another member, subject to the availability of funds and the capital requirements of the Society.

19. Suspension and expulsion

- (1) A member may be suspended or expelled for:
 - (a) fraud or dishonesty against the Society;
 - (b) wilful default on a loan for more than ninety days;
 - (c) persistent breach of these bye-laws;
 - (d) conduct bringing the Society into disrepute; or
 - (e) use of the Society for partisan political purposes.
- (2) Before deciding, the Board shall give the member:
 - (a) written notice of the allegations and the reasons; and
 - (b) thirty days in which to respond and be heard.

- (3) Expulsion requires a resolution of the Board confirmed by the next general meeting, to which the member may appeal.
- (4) On expulsion, amounts owed to the Society shall be set off against the member's shares and savings and the balance refunded.

20. Liability of past and deceased members

- (1) A past member remains liable, to the extent of the shares held, for the debts of the Society existing at the date of cessation for two years after that date.
- (2) The estate of a deceased member remains so liable for one year after death, as provided by the Act.

21. Fines

- (1) The Board may impose a fine for breach of these bye-laws not exceeding UGX 500,000 for any one breach, or such other amount as the general meeting fixes.
- (2) Before imposing a fine, the Board shall give the member written notice, reasons and an opportunity to be heard.
- (3) Fines may be recovered by set-off or by suit.

CHAPTER FOUR: CAPITAL AND FUNDS

22. Sources of funds

The funds of the Society shall consist of:

- (a) entrance fees and subscriptions;
- (b) share capital;
- (c) savings and deposits of members;
- (d) funds received under Government programme windows and from development partners;
- (e) loans and grants;
- (f) reserves and retained surpluses; and
- (g) any other lawful income.

23. Share capital

- (1) Shares form the core capital of the Society and are not withdrawable on demand.
- (2) A member may transfer shares to another member with the approval of the Board. Shares shall not be pledged to any person other than the Society.
- (3) The Society has a first charge on the shares, savings and dividends of a member for any debt owed by that member, and may set off such amounts as provided by the Act.
- (4) Refunds of share capital in any year shall not exceed the amount that would reduce total share capital below the level required by the capital standards in bye-law 65.

24. Savings and deposits

- (1) The Society shall receive savings from members through the savings products set out in the First Schedule.
- (2) Every ordinary member shall make a monthly contribution of not less than UGX 20,000, and every student member a monthly contribution of not less than UGX 10,000, which shall be credited automatically as follows:
 - (a) **60 percent to the member's Compulsory Monthly Savings account;** and
 - (b) **40 percent to the member's Ordinary Voluntary Savings account.**
- (3) The Compulsory Monthly Savings portion builds the member's savings and borrowing capacity and may be withdrawn only:
 - (a) on ceasing to be a member; or
 - (b) in part, after twenty-four months of membership, as the savings policy provides.
- (4) The Ordinary Voluntary Savings portion belongs to the member and is **available for withdrawal at any time of the day**, through:
 - (a) the Society's mobile application and USSD service, twenty-four hours a day;
 - (b) transfer to the member's mobile money or bank account, twenty-four hours a day; and
 - (c) the Society's offices and agents, during their opening hours.
- (5) Withdrawals from the Ordinary Voluntary Savings account shall not require the approval of any officer, except that the Society may, for security, set a daily limit on digital withdrawals, which shall be disclosed to members.
- (6) A member may deposit more than the minimum monthly contribution. Any amount above the minimum shall be credited in the same proportions, unless the member directs it to another savings product.
- (7) **Interest on all savings products shall be not less than 4 percent and not more than 9 percent per annum**, or within such other limits as the annual general meeting fixes under bye-law 52(4). The Board shall fix the rate on each savings product under bye-law 52.

- (8) The Board may introduce, vary or discontinue savings products within the band in (7), and shall report the changes to the next general meeting.
- (9) The Society shall not receive deposits or loans from non-members except as authorised in writing by the Registrar.
- (10) Accounts with no transaction for two years shall be treated as dormant and handled as provided by the Act. Dormant balances remain the property of the member and shall be paid on demand.

25. Maximum borrowing

- (1) The annual general meeting shall each year fix the maximum amount that the Society may borrow during the following year, and the Society shall report it to the Registrar in the prescribed form.
- (2) The Board may vary the maximum borrowing between general meetings, subject to ratification by the next general meeting and to any limit prescribed under the Act.

26. Government programme and partner funds

- (1) The Board may enter into written agreements under which funds of Government programmes and development partners are lent to eligible members through the Society.
- (2) Such funds shall be:
 - (a) held in separate bank accounts and ledgers;
 - (b) lent only on the terms of the agreement and within the interest ceiling in bye-law 52;
 - (c) accounted for and audited separately; and
 - (d) recovered from borrowers and re-lent as revolving funds.

27. Investment of funds and liquidity

- (1) Funds not immediately required shall be invested only as permitted by section 50 of the Act.
- (2) The Society shall at all times hold liquid assets of not less than twenty percent of total savings and deposits:
 - (a) in supervised banks; or
 - (b) in Government or Bank of Uganda securities;or such other proportion as the Act prescribes.
- (3) Because the Ordinary Voluntary Savings portion of monthly contributions may be withdrawn at any time, the Society shall always hold, within the liquid assets in (2), enough cash in its bank and mobile money accounts to meet expected withdrawals from Ordinary Voluntary Savings at any time of the day.
- (4) The Society shall not invest in speculative assets, and shall not hold fixed assets beyond the limit in bye-law 65.

28. Building institutional capital

The Society shall build its institutional capital progressively, so that:

- (a) it reaches at least 10 percent of total assets within ten years of registration; and
- (b) once that level is reached, it grows at least as fast as total assets.

CHAPTER FIVE: GENERAL MEETINGS

29. Supreme authority and Delegates Assembly

- (1) The general meeting is the supreme authority of the Society.
- (2) When membership exceeds five thousand, the general meeting shall be constituted as a Delegates Assembly, in which:
 - (a) delegates are elected for four years by members in each regional office, campus chapter and the diaspora;
 - (b) there is about one delegate for every one thousand members;
 - (c) at least one-third of delegates are women; and
 - (d) seats are reserved for members below thirty years of age and members with disabilities.

30. First general meeting

The first general meeting shall be held within one month after the certificate of registration is received. It shall:

- (a) elect the first Board and Supervisory Committee; and
- (b) confirm the accounts of the interim officers.

31. Annual general meeting

- (1) The annual general meeting shall be held within three months after the end of each financial year, that is, not later than 31 March.
- (2) The annual general meeting shall:
 - (a) confirm the minutes of the previous general meeting;
 - (b) receive and consider the reports of the Board, including its Credit Committee, and of the Supervisory Committee;
 - (c) consider and adopt the audited accounts;
 - (d) decide on the disposal of the net surplus;
 - (e) elect members of the Board and committees when due;
 - (f) appoint an auditor, subject to the approval of the Registrar;
 - (g) fix the maximum borrowing;
 - (h) approve the credit policy, the savings policy, the annual plan and the budget;
 - (i) receive the member value report under bye-law 52(13);
 - (j) fix the allowances of officers;
 - (k) review the limits on interest rates under bye-law 52(4);
 - (l) hear appeals; and
 - (m) consider any other business of which due notice has been given.

32. Special general meeting

- (1) The Board may call a special general meeting at any time, and shall do so:
 - (a) on the written demand, stating the business, of not less than one-fifth of the members or delegates, or one hundred members, whichever is less; or
 - (b) when directed by the Registrar.
- (2) If the Board fails to call the meeting within fourteen days of the demand, the members making it may call the meeting by giving seven days' notice.
- (3) The Supervisory Committee may, in consultation with the Registrar, call a special general meeting to consider any violation of the law or unsafe practice.

33. Notice and quorum

- (1) At least fourteen days' notice of every general meeting shall be given, stating the date, time, place and agenda, by:
 - (a) notice at the registered address and regional offices; and
 - (b) SMS, email or newspaper.
- (2) Notice of a proposed amendment of the bye-laws shall include its full text.
- (3) The quorum of a general meeting shall be one-third of the members or one hundred members, whichever is less, or, for a Delegates Assembly, one-third of the delegates.
- (4) If there is no quorum within one hour of the appointed time, the meeting shall stand adjourned for fourteen days, and the members present at the adjourned meeting shall form a quorum.

34. Voting and procedure

- (1) Every member or delegate has one vote. Voting by proxy is not allowed.
- (2) Decisions shall be made by a majority of the members present and voting, except where the Act, the Regulations or these bye-laws require a special resolution.
- (3) Elections shall be by secret ballot.
- (4) The general meeting may permit members or delegates to participate and vote electronically through secure systems approved by the Board.
- (5) The Chairperson shall preside, or in his or her absence the Vice Chairperson, failing whom the meeting shall elect a chairperson.
- (6) Every member present may ask questions of the Board, the committees and the Manager on any matter on the agenda, and shall receive an answer at the meeting or in writing within thirty days.
- (7) Minutes shall be recorded and signed by the chairperson of the meeting.

CHAPTER SIX: THE BOARD

35. Composition

- (1) The Board shall consist of nine members elected by the general meeting, namely:
 - (a) a Chairperson, who shall be non-executive;
 - (b) a Vice Chairperson;
 - (c) a Treasurer;
 - (d) a Secretary; and
 - (e) five other members.
- (2) At least one-third of the members of the Board shall be women and at least half shall be resident in Uganda.
- (3) The Board shall, taken together, have competence in:
 - (a) finance and accounting;
 - (b) credit and risk management;
 - (c) law and governance;
 - (d) agriculture or enterprise development; and
 - (e) information technology.
- (4) The Board may co-opt up to two persons with special expertise as advisers without a vote.

36. Vetting Committee

- (1) Before every election, the general meeting shall elect a Vetting Committee of three members, with the Manager and the District Commercial Officer as advisers without a vote.
- (2) The Vetting Committee shall examine every candidate for the Board and the Supervisory Committee against:
 - (a) the qualifications in bye-law 37;
 - (b) the fit and proper test under the Act; and
 - (c) the competence needs of the Board in bye-law 35(3).

37. Qualifications and disqualifications

- (1) A person qualifies for election if he or she:
 - (a) has been an ordinary member for at least twelve months, except for the first elections;
 - (b) is over eighteen years, able to read and write, and of sound mind;
 - (c) has paid the minimum shares and saved regularly for twelve months; and
 - (d) passes the fit and proper test.
- (2) A person is disqualified if he or she:
 - (a) is an undischarged bankrupt;
 - (b) has been convicted of an offence involving fraud or dishonesty;
 - (c) has been adversely named by the Registrar for mismanagement;
 - (d) has a loan, or a loan guaranteed by him or her, in arrears for more than thirty days in the Society or any financial institution;
 - (e) is a blood relative within the second degree of another member of the Board or of an employee;
 - (f) is an employee of the Society; or
 - (g) holds partisan political office.
- (3) The election of members of the Board is subject to the approval of the Registrar as required by the Act.

38. Term of office

- (1) Members of the Board hold office for four years and are eligible for re-election for one further term only.
- (2) A person who has served two consecutive terms may stand again after an interval of four years.

39. Vacation of office

- (1) A member of the Board vacates office if he or she:
 - (a) dies or resigns in writing;
 - (b) ceases to be a member;
 - (c) becomes disqualified under bye-law 37;
 - (d) is absent from three consecutive Board meetings without permission; or
 - (e) uses the Society for partisan political purposes.
- (2) The general meeting may remove a member of the Board by special resolution, after giving him or her an opportunity to be heard. The Registrar may also remove a member of the Board, or the whole Board, as provided by the Act.
- (3) The Board may fill a vacancy by co-opting a qualified member until the next general meeting, which shall elect a member for the remainder of the term.

40. Duties and powers of the Board

The Board shall govern the Society and direct its affairs, and in particular shall:

- (a) carry out the decisions of the general meeting;
- (b) set the strategy and approve the annual plan and budget for submission to the general meeting;
- (c) approve the membership policy, decide on applications referred to it, and ratify admissions under bye-law 12;
- (d) appoint, supervise and evaluate the Manager, and approve senior appointments;
- (e) approve, and review at least once a year, the policies listed in bye-law 68;
- (f) fix interest rates within the limits in bye-laws 24 and 52;
- (g) set the risk appetite of the Society and monitor the prudential standards in bye-law 65;
- (h) ensure that proper books are kept and returns made;
- (i) arrange for internal and external audit;
- (j) oversee Government programme windows;
- (k) recommend the disposal of surplus; and
- (l) report to every general meeting, including a statement on internal controls.

41. Meetings of the Board

- (1) The Board shall meet at least once every month.
- (2) The quorum is five members.
- (3) Decisions shall be by majority, and the Chairperson shall have a casting vote.
- (4) Minutes of every meeting shall be kept and confirmed at the next meeting.

42. Committees of the Board

The Board shall establish the following committees, each with written terms of reference and at least three members:

- (a) Finance and Investment Committee, to oversee budgets, liquidity and investments;
- (b) Audit and Risk Committee, chaired by a member with accounting or audit qualifications, to oversee internal audit, external audit and risk management;

- (c) Governance and Human Resource Committee, to oversee Board evaluation, staff policies and the code of conduct;
- (d) Programmes Committee, to oversee Government programme windows; and
- (e) Credit Committee, constituted and functioning under Chapter Eight.

43. Training and evaluation of the Board

- (1) Every new member of the Board shall complete an induction in cooperative governance, financial statements, credit risk, regulation and ethics within three months of election.
- (2) Every member of the Board shall complete at least two days of further training each year.
- (3) The Board shall evaluate its own performance every year, and shall commission an independent evaluation at least once during each term, reporting the results to the general meeting.

44. Conflict of interest, liability and allowances

- (1) A member of the Board or officer who has an interest in any matter shall:
 - (a) disclose the interest in writing; and
 - (b) leave the meeting while the matter is discussed and decided.
- (2) The Secretary shall keep a register of interests, which shall be updated every year.
- (3) Members of the Board are jointly and severally liable for losses arising from acts contrary to the Act, the Regulations or these bye-laws.
- (4) Members of the Board shall not receive a salary. They may receive sitting allowances and refunds of expenses fixed by the general meeting, notified to the Registrar in the prescribed form and disclosed in the annual report.

CHAPTER SEVEN: SUPERVISORY COMMITTEE

45. Composition and term

- (1) The Supervisory Committee shall consist of three members elected by the annual general meeting for a term of four years, renewable once.
- (2) Its members shall:
 - (a) meet the qualifications in bye-law 37;
 - (b) not be members of the Board or staff; and
 - (c) include at least one accountant or auditor.
- (3) The quorum is two.

46. Functions

The Supervisory Committee is answerable to the general meeting and shall:

- (a) examine the books, accounts and affairs of the Society at least once every quarter;
- (b) review the work of the Board, its committees and the officers;
- (c) ensure compliance with the Act, the Regulations, these bye-laws and resolutions;
- (d) receive and investigate members' complaints referred to it under bye-law 64;
- (e) receive the reports of the internal auditor;
- (f) keep records available to the Registrar and the auditors;
- (g) inform the Registrar in writing within five working days of its recommendations to management; and
- (h) report to every general meeting.

CHAPTER EIGHT: CREDIT MANAGEMENT

47. Board Credit Committee

- (1) The Credit Committee is a committee of the Board. It shall consist of three members of the Board appointed by the Board, of whom:
 - (a) at least one shall have experience in credit, banking or enterprise appraisal; and
 - (b) none shall be the Chairperson of the Board.
- (2) Members of the Credit Committee serve for as long as they remain members of the Board, and the Board may change the membership of the Committee at any time.
- (3) The quorum of the Credit Committee is two.

48. Functions of the Credit Committee and management credit committees

- (1) The Credit Committee shall:
 - (a) recommend to the Board the credit policy for approval by the general meeting, and review it at least once every year;
 - (b) approve loans above the limits delegated to management, in accordance with the credit policy;
 - (c) recommend to the full Board every loan to an insider under bye-law 56;
 - (d) review the loan portfolio, loans in arrears and recovery every month;
 - (e) keep minutes of every decision with reasons; and
 - (f) report to the Board every month.
- (2) The Board shall fix, in the credit policy, the amounts up to which loans may be approved by management, and the Manager shall establish management credit committees of at least three senior officers to approve loans within those limits.
- (3) Management credit committees shall:
 - (a) appraise every loan on the member's repayment capacity, security and the purpose of the loan;
 - (b) record the reasons for every decision; and
 - (c) report all their decisions to the Credit Committee every month.
- (4) A member of the Credit Committee or a management credit committee who is related to an applicant, or has any other interest in an application, shall declare the interest and take no part in the decision.
- (5) The Supervisory Committee shall review, at least once every quarter, whether credit decisions comply with the credit policy and these bye-laws.

CHAPTER NINE: MANAGEMENT

49. Manager and staff

- (1) The Board shall appoint a Manager, who may be designated Chief Executive Officer, through a competitive process. The Manager shall pass a fit and proper test and provide two guarantors as required by the Act.
- (2) The Manager shall, under the direction of the Board:
 - (a) manage the daily business of the Society;
 - (b) keep the books and records;
 - (c) prepare budgets, reports and returns;
 - (d) recruit and supervise staff within the approved establishment; and
 - (e) attend meetings of the Board without a vote.
- (3) Staff shall be recruited on merit through open competition.
- (4) Employees handling money or property of the Society shall be covered by fidelity guarantee insurance.
- (5) No member of the Board, the Supervisory Committee or staff shall guarantee a member's loan.

49A. Credit for staff

- (1) **Rights of staff who are members.** An employee who is a member keeps all the rights of membership, including the rights to save, to earn interest, dividends and rebates, and to vote, except as limited by this bye-law.
- (2) **Salary advances.** As required by section 104 of the Act, the Society shall not lend to employees except by way of salary advances, which shall be granted under a written human resource policy approved by the Board that fixes:
 - (a) the maximum advance, which shall not exceed the employee's net salary for two months;
 - (b) the repayment period, which shall not exceed twelve months; and
 - (c) repayment by deduction from salary.
- (3) **Staff loans through a partner bank.** The Board may arrange a staff loan scheme with a licensed bank or financial institution, under which the bank lends to employees and the Society deducts the repayments from salary and remits them to the bank. The Society shall not guarantee such loans with members' funds.
- (4) **Safeguards.** Every salary advance, every loan under (3), and every staff loan permitted under (5) shall be subject to the following safeguards:
 - (a) **same terms:** it shall be granted on the same criteria, rate and security as apply to members, and any staff benefit shall be set out in the human resource policy and disclosed in the annual report;
 - (b) **no self-dealing:** no employee shall appraise, approve, disburse, record or recover his or her own advance or loan, or that of a related party;
 - (c) **higher approval:** advances and loans to staff shall be approved by the Credit Committee of the Board, and those to the Manager and senior officers by the full Board;
 - (d) **limits:** the total of all advances and loans to staff and members of the Board shall not exceed the limit prescribed under section 102(4) of the Act, and in any case shall not exceed 5 percent of the total loan portfolio;
 - (e) **payroll deduction:** repayment shall be by deduction from salary;
 - (f) **monitoring and disclosure:** internal audit shall review every staff advance and loan each quarter, and all of them shall be reported to the full Board and disclosed in the financial statements, as required by section 102(5) of the Act; and

- (g) **exit:** on leaving employment, any balance shall be recovered from the employee's final dues, savings and shares.
- (5) **Change in the law.** If regulations made under section 102(4) of the Act, or written guidance from the Registrar, permit a savings and credit cooperative society to lend to its employees, the Board may allow employees who are members to borrow from the Society's loan products under the safeguards in (4), without amendment of these bye-laws.
- (6) **Guidance.** The Board shall seek the written guidance of the Registrar on lending to employees under sections 102 and 104 of the Act within six months of registration.

CHAPTER TEN: LOANS

50. Loans to members only

The Society shall lend only to its members, and to other registered societies only with the sanction of the Registrar, in accordance with these bye-laws and the credit policy approved by the general meeting.

51. Purpose of loans

- (1) Loans shall be granted for:
 - (a) productive enterprise in agriculture, value addition, manufacturing, innovation, trade and services;
 - (b) the purchase of assets and equipment for enterprise; and
 - (c) urgent personal needs, through the Emergency Loan only.
- (2) The purpose of every loan shall be stated in the application, and the loan shall be used only for that purpose.

52. Interest rates on loans and savings

Power of the Board

- (1) The Board shall have power to fix, by resolution, the interest rate on every loan product and every savings product of the Society.
- (2) The Board shall exercise this power:
 - (a) on the written recommendation of the Asset and Liability Committee under bye-law 67;
 - (b) within the credit policy and the savings policy approved by the general meeting; and
 - (c) within the limits in (3).

Outer limits

- (3) The rates fixed by the Board shall be within the following limits:
 - (a) **no loan shall carry an interest rate above 13 percent per annum**, calculated on the reducing balance; and
 - (b) **interest on savings shall be not less than 4 percent and not more than 9 percent per annum.**
- (4) The annual general meeting shall review these limits every year. It may revise them by special resolution, after considering a written report from the Board on costs, market rates and member value, and the Society shall notify the Registrar of any revision.

How rates are set

- (5) Loan rates shall be set to cover, and not more than cover:
 - (a) the cost of funds, including interest paid to savers;
 - (b) the operating costs of the Society;
 - (c) expected loan losses; and
 - (d) a reasonable contribution to reserves under bye-law 28.
- (6) Within the limits, the Board shall fix a different rate for each product according to:
 - (a) its purpose;
 - (b) its risk;
 - (c) the security available;
 - (d) the cost of administration;
 - (e) the source of funds; and
 - (f) its national priority.

Value to members

(7) In fixing rates, the Board shall ensure that:

- (a) the rate on every loan product is lower than the most recent weighted average shilling lending rate of commercial banks published by the Bank of Uganda;
- (b) the rate on every savings product is not lower than the average rate paid by commercial banks on comparable savings;
- (c) the rates on fixed deposits, target savings and retirement savings are not lower than the most recent annual headline inflation rate published by the Uganda Bureau of Statistics, so that members' savings keep their value; and
- (d) all members using the same product are charged or paid the same rate, without preference for any insider.

(8) Where the Board cannot meet the tests in (7) without endangering the safety of members' savings, it shall report the reasons to the next general meeting.

Fairness when rates change

(9) When rates change:

- (a) an increase in a loan rate shall not apply to any loan already granted, which shall keep the rate in its loan agreement until repaid;
- (b) a fixed deposit shall keep its agreed rate until maturity;
- (c) members shall be given at least thirty days' notice before an increase in a loan rate or a reduction in a savings rate takes effect; and
- (d) a reduction in a loan rate or an increase in a savings rate may take effect immediately.

Procedure and accountability

(10) The Board shall review all rates at least once every quarter and shall record the reasons for every change in its minutes. A member of the Board who is a borrower or saver affected by a decision shall declare that interest under bye-law 44.

(11) The Supervisory Committee shall confirm every quarter that the rates in force comply with this bye-law.

(12) The rates in force shall be:

- (a) set out in a rate schedule approved by the Board, which replaces the initial rates in the First and Second Schedules without amendment of these bye-laws;
- (b) displayed at every office and on the Society's website, together with the bank rates in (7) used for comparison; and
- (c) stated in the key facts statement given to every member under bye-law 59.

(13) The Board shall present to every annual general meeting a member value report showing:

- (a) the rates of the Society compared with commercial bank rates and inflation;
- (b) the estimated interest saved by borrowers and earned by savers compared with bank rates; and
- (c) the interest rebates, bonus interest and dividends paid under bye-law 74.

Charges

(14) A loan processing fee of not more than 1 percent of the loan may be charged.

(15) A penalty for late payment shall be charged only on the overdue instalment, and the total penalty shall never exceed the amount of the overdue instalment.

(16) No other fee or charge shall be imposed unless it is disclosed in the key facts statement.

53. Maximum loan

(1) The maximum amount of each loan product is set out in the Second Schedule.

- (2) A member's first loan shall not exceed UGX 10 million.
- (3) No loan to a member and his or her related parties shall exceed 10 percent of the total assets of the Society or 25 percent of its institutional capital, whichever is lower.
- (4) A member may borrow up to three times his or her savings and shares, or such other multiple as the credit policy provides, subject to repayment capacity.

54. Eligibility, repayment capacity and security

- (1) A member is eligible for a loan if he or she:
 - (a) has been a member and made his or her monthly contributions regularly for at least six months before applying;
 - (b) holds the minimum shares or is up to date on instalments;
 - (c) has completed enterprise training where required; and
 - (d) has no loan in arrears.
- (2) No loan shall be granted where the member's total monthly repayments on all debts, including the new loan, would exceed 40 percent of his or her net monthly income, or one-third of net salary for salaried members.
- (3) Every loan shall be secured by one or more of the following:
 - (a) savings held as cash cover;
 - (b) guarantees of fellow members;
 - (c) chattels and financed assets;
 - (d) assignment of salary or contract proceeds;
 - (e) land; or
 - (f) insurance.
- (4) Credit-life insurance is compulsory for every loan.

55. Repayment period, extension and renewal

- (1) The maximum repayment period of each loan product is set out in the Second Schedule, and repayment schedules shall match the cash flow of the enterprise financed.
- (2) A loan may be extended or rescheduled only where:
 - (a) the borrower has suffered a genuine loss outside his or her control;
 - (b) the Credit Committee of the Board recommends it; and
 - (c) the Board approves it.
- (3) A loan may be renewed only after the previous loan has been repaid, or with at least half repaid on time where the credit policy so allows.

56. Insider loans

- (1) Loans to insiders shall be:
 - (a) granted on the same terms as to other members;
 - (b) approved by the full Board;
 - (c) disclosed in the financial statements and the annual report; and
 - (d) reported quarterly as required by the Act.
- (2) Total loans to insiders shall not exceed 10 percent of the total loan portfolio, or any lower limit prescribed under the Act.

57. Default and recovery

- (1) A loan in arrears shall be recovered, in the following order where practicable:
 - (a) from the borrower's savings and shares;

- (b) from guarantors; and
- (c) by realising the security.
- (2) Loan defaults, fraud and misappropriation shall be referred to the courts as required by the Act.
- (3) The Society shall report the repayment records of borrowers to a licensed credit reference bureau.

CHAPTER ELEVEN: MEMBER PROTECTION AND FAIR TREATMENT

58. Principles of member protection

The Society shall serve its members according to the following principles:

- (a) appropriate products designed around members' needs and ability to pay;
- (b) prevention of over-indebtedness;
- (c) transparency in all terms and costs;
- (d) responsible and fair pricing;
- (e) fair and respectful treatment;
- (f) privacy of members' information; and
- (g) effective resolution of complaints.

59. Transparency and key facts statement

- (1) Before a member signs for any loan or savings product, the Society shall give the member a one-page key facts statement, in plain English and, on request, in a local language, showing:
 - (a) the amount and the interest rate per annum;
 - (b) every fee and charge;
 - (c) the total amount to be repaid or earned;
 - (d) the repayment or withdrawal schedule;
 - (e) the security required; and
 - (f) the consequences of late payment or early withdrawal.
- (2) A member may cancel a loan within three working days of signing without penalty, provided the money has not been used.
- (3) Interest rates and charges of all products shall be displayed at every office and on the Society's website.

60. Prevention of over-indebtedness

The Society shall:

- (a) assess every borrower's repayment capacity under bye-law 54(2);
- (b) check every applicant with a credit reference bureau;
- (c) not lend to a member to repay a loan from the Society that is already in arrears, except under bye-law 55(2); and
- (d) not pay staff incentives that reward loan volume without regard to loan quality.

61. Fair and respectful treatment and collection

- (1) Members shall be served courteously and without discrimination.
- (2) In recovering loans, the Society, its staff and agents shall not:
 - (a) use abusive, threatening or humiliating language or conduct;
 - (b) publish or display the names of defaulters to shame them;
 - (c) contact a borrower or guarantor before 8.00 a.m. or after 7.00 p.m.;
 - (d) seize property except through lawful process; or
 - (e) disclose the debt to any person other than the guarantors, the credit reference bureau and persons entitled by law.

62. Privacy of members' information

- (1) The Society shall collect only the information it needs, use it only for the purpose for which it was collected, keep it secure, and share it only with the member's consent or as required by law.
- (2) A member may see and correct the information held about him or her.

63. Member education

The Society shall provide every new member with an induction, and shall educate members continuously on:

- (a) cooperative principles and their rights and duties;
- (b) saving, budgeting and responsible borrowing;
- (c) enterprise management; and
- (d) how to make a complaint.

64. Complaints

- (1) A member may complain in person, in writing, by telephone or electronically. Every complaint shall be recorded.
- (2) The Society shall:
 - (a) acknowledge the complaint within two working days; and
 - (b) resolve it and inform the member in writing within ten working days.
- (3) A member who is not satisfied may refer the complaint:
 - (a) first to the Supervisory Committee, which shall decide within thirty days; and
 - (b) then to the Registrar or the regulator.
- (4) The Manager shall report the number, nature and resolution of complaints to the Board every quarter and to every annual general meeting.

CHAPTER TWELVE: PRUDENTIAL STANDARDS AND RISK MANAGEMENT

65. Prudential standards

- (1) The Society shall manage its finances to meet the following standards, based on the PEARLS system of the World Council of Credit Unions, and any stricter requirement of the Act or the regulator:

Table 2: Prudential standards

Area	Indicator	Standard
Protection	Provision for loans in arrears above 12 months	100 percent
Protection	Provision for loans in arrears 1 to 12 months	Not less than the rates in bye-law 66
Effective structure	Net loans to total assets	70 to 80 percent
Effective structure	Savings deposits to total assets	70 to 80 percent
Effective structure	Institutional capital to total assets	At least 10 percent, reached under bye-law 28
Asset quality	Loans in arrears above 30 days to total loans	Not more than 5 percent
Asset quality	Non-earning assets to total assets	Not more than 5 percent
Rates of return and costs	Operating expenses to average total assets	Not more than 5 percent once the Society is mature
Liquidity	Liquid assets to savings and deposits	Not less than 20 percent
Signs of growth	Growth in institutional capital	At least equal to growth in total assets

- (2) The Manager shall report these indicators to the Board every month and to members every quarter.
- (3) Where any standard is not met, the Board shall approve and supervise a written plan to restore it.

66. Loan classification, provisioning and write-off

- (1) Loans shall be classified and provided for in accordance with International Financial Reporting Standards and the rules of the regulator, and in any case not less than the following:

Table 3: Minimum provisions

Classification	Days in arrears	Minimum provision
Performing	None	1 percent
Watch	1 to 30	5 percent
Substandard	31 to 90	25 percent
Doubtful	91 to 180	50 percent
Loss	Above 180	100 percent

- (2) A loan classified as loss may be written off only with the approval of the Board, which shall be reported to the next general meeting. Recovery efforts shall continue after write-off.

67. Asset-liability and liquidity management

The Board shall appoint an Asset and Liability Committee of management, which shall:

- monitor liquidity daily and the matching of the terms of savings and loans monthly;
- recommend interest rates on savings and loans within the limits in bye-laws 24 and 52;
- maintain a contingency funding plan; and
- report to the Finance and Investment Committee monthly.

68. Policies and risk management

- (1) The Board shall approve, and review at least once every year, written policies on:
 - (a) credit, including the credit policy approved by the general meeting;
 - (b) savings and deposits;
 - (c) liquidity and investment;
 - (d) asset-liability management;
 - (e) Government programme windows;
 - (f) risk management;
 - (g) internal control and internal audit;
 - (h) information technology, cyber security and business continuity;
 - (i) anti-money laundering;
 - (j) human resource and remuneration;
 - (k) procurement;
 - (l) member protection and complaints;
 - (m) conflict of interest and related parties; and
 - (n) environmental and social risks.
- (2) The Society shall identify, measure, monitor and control all significant risks, including:
 - (a) credit risk;
 - (b) liquidity risk;
 - (c) operational and fraud risk;
 - (d) information technology and cyber risk;
 - (e) legal and compliance risk;
 - (f) reputational risk; and
 - (g) climate and environmental risk.
- (3) The Society shall keep a risk register, which the Audit and Risk Committee shall review every quarter.

69. Internal control and internal audit

- (1) The Society shall maintain internal controls that include:
 - (a) separation of duties between those who approve, disburse, record and recover loans;
 - (b) handling of money through banks, mobile money and other recorded channels only;
 - (c) daily reconciliation of cash, bank and mobile money accounts;
 - (d) access to systems according to role; and
 - (e) secure custody of security documents.
- (2) The Society shall maintain an internal audit function that is independent of management and reports to the Audit and Risk Committee and the Supervisory Committee.

CHAPTER THIRTEEN: BOOKS, ACCOUNTS, AUDIT AND REPORTING

70. Financial year

The financial year of the Society shall be from 1 January to 31 December.

71. Books, records and returns

- (1) The Society shall keep, at its registered address, proper books and records, including:
 - (a) the register of members and of shares;
 - (b) minute books of general meetings, the Board and committees;
 - (c) a cash book and general ledger;
 - (d) members' savings and loan ledgers;
 - (e) a register of loans and securities;
 - (f) a register of fixed assets;
 - (g) the register of interests; and
 - (h) the records of each Government programme window.
- (2) Annual accounts shall be prepared in accordance with International Financial Reporting Standards.
- (3) The Society shall submit to the Registrar:
 - (a) the annual return in the prescribed form within four months after the end of the financial year;
 - (b) the audited accounts; and
 - (c) such other returns as the Registrar or any regulator may require.

72. Audit

- (1) The accounts shall be audited at least once every year by an auditor appointed by the annual general meeting and approved by the Registrar.
- (2) No auditor shall serve for more than three successive audits without the authorisation of the Registrar.
- (3) The auditor's report and balance sheet shall be submitted to the Board and the Registrar within three months after the end of the financial year.

73. Disclosure and reporting to members

- (1) Every quarter, the Society shall publish to members a summary of its performance, including:
 - (a) membership, savings, shares and loans;
 - (b) the prudential standards in bye-law 65;
 - (c) loans in arrears; and
 - (d) the performance of Government programme windows.
- (2) The annual report to the general meeting shall include:
 - (a) the audited accounts;
 - (b) the reports of the Board, including its Credit Committee, and of the Supervisory Committee;
 - (c) a statement on governance and internal controls;
 - (d) all allowances paid to members of the Board and committees;
 - (e) loans to insiders;
 - (f) the record of complaints; and
 - (g) the social and environmental performance of the Society.

CHAPTER FOURTEEN: DISPOSAL OF NET SURPLUS

74. Appropriation of net surplus

- (1) The net surplus of each year shall, after recovery of any accumulated losses, be applied in the following order:

Table 4: Appropriation of net surplus

Order	Appropriation	Amount
1	Reserve fund	Not less than 25 percent of net surplus (minimum required by the Regulations: 10 percent)
2	Cooperative Development Revolving Fund	5 percent of net surplus, as required by the Regulations
3	National Cooperative Education Fund	1 percent of net surplus, as required by the Act
4	Member education	5 percent of net surplus, as required by the Act
5	Share Transfer Fund	As fixed by the Registrar, not exceeding 5 percent of share capital
6	Dividend on shares	Not exceeding 10 percent of paid-up share capital
7	Interest rebate to borrowers and bonus interest to savers	As the annual general meeting decides on the recommendation of the Board
8	Balance	Development funds or retained in reserves, as the annual general meeting decides

- (2) No dividend, bonus or distribution of accumulated funds shall be paid:
- (a) without the prior written consent of the Registrar; or
 - (b) while the Society fails to meet the liquidity or provisioning standards in bye-laws 65 and 66.
- (3) The reserve fund is not divisible among members and shall not be withdrawn without the written consent of the Registrar.
- (4) An interest rebate shall be paid to each borrower in proportion to the interest he or she paid during the year, and bonus interest shall be paid to each saver in proportion to the interest he or she earned during the year. Both shall be credited to the member's Ordinary Voluntary Savings account.
- (5) Losses shall be met first from the reserve fund and then as the general meeting decides.

CHAPTER FIFTEEN: GENERAL PROVISIONS

75. Common seal and execution of documents

- (1) The Society shall have a common seal bearing its name and registration number, kept by the Secretary.
- (2) Documents binding the Society shall be signed by:
 - (a) the Chairperson or Vice Chairperson;
 - (b) the Secretary; and
 - (c) the Manager;or by persons authorised in writing by the Board.

76. Disputes

- (1) A dispute concerning the business of the Society between members, or between members and the Society, its Board or officers, shall be referred:
 - (a) first to the Board;
 - (b) if unresolved within thirty days, to the Supervisory Committee; and
 - (c) if still unresolved, to the Registrar or to arbitration in accordance with the Act.
- (2) Loan defaults, fraud and misappropriation shall be referred to the courts.

77. Code of conduct and whistle-blowing

- (1) Members of the Board and committees and staff shall sign and comply with the code of conduct approved by the general meeting, and shall keep the affairs of members confidential.
- (2) Any member or employee may report wrongdoing confidentially to the Supervisory Committee or the Registrar. No person shall be victimised for a report made in good faith.

78. Anti-money laundering

The Society shall:

- (a) verify the identity of every member through the National Identification and Registration Authority or a valid passport;
- (b) keep records of members and transactions for the period required by law;
- (c) monitor transactions for unusual activity; and
- (d) report suspicious transactions to the Financial Intelligence Authority.

79. Inclusion and the environment

- (1) The Society shall promote the participation of women, young people and persons with disabilities in its membership, services and leadership.
- (2) The Society shall not finance activities that are illegal or that cause serious harm to people or the environment, and shall encourage climate-smart and environmentally sound enterprises.

80. Cooperation among cooperatives and affiliation

The Society may, by resolution of the general meeting:

- (a) affiliate to the Uganda Cooperative Savings and Credit Union, the Uganda Cooperative Alliance or any other cooperative union or apex body;
- (b) participate in liquidity, deposit protection and shared service arrangements with other cooperatives; and
- (c) cooperate with other cooperatives in member education and enterprise development.

81. Amendment of bye-laws

- (1) These bye-laws may be amended by resolution of a general meeting of which at least fourteen days' notice, including the text of the amendment, has been given, passed:
 - (a) by the majority required under regulation 8 of the Regulations; or
 - (b) by a special resolution, where the prior approval of the Registrar has been obtained.
- (2) No amendment shall take effect until it has been registered by the Registrar.

82. Amalgamation, division and dissolution

- (1) The Society may amalgamate with, transfer its assets and liabilities to, or divide into other societies, in accordance with the Act and by special resolution.
- (2) The Society may be dissolved by special resolution of a general meeting or by order of the Registrar as provided by the Act. Notice shall be given to the Registrar within fourteen days of the resolution.
- (3) On dissolution, the assets shall be applied in the following order:
 - (a) repayment of members' savings and deposits;
 - (b) payment of other creditors;
 - (c) refund of share capital; and
 - (d) any balance, as the Act and the Registrar direct.

83. Transitional provisions

- (1) The persons signing the application for registration shall elect an interim Chairperson, Secretary and Treasurer, who shall hold office until the first general meeting under bye-law 30.
- (2) The qualification of twelve months' membership in bye-law 37 shall not apply to the first elections.

FIRST SCHEDULE: SAVINGS PRODUCTS

(Bye-laws 24 and 52) Initial rates. The Board may revise these rates by resolution under bye-law 52, within the limit of 4 to 9 percent per annum, and the revised rate schedule shall replace this Schedule.

Table 5: Savings products

Savings product	Minimum	Interest p.a.	Withdrawal
1. Compulsory Monthly Savings	60% of the monthly contribution (at least UGX 12,000)	5%	On exit, or partially after 24 months
2. Ordinary Voluntary Savings	40% of the monthly contribution (at least UGX 8,000), plus any other deposit	4%	At any time of the day, through digital channels
3. Diaspora Savings and Investment	Equivalent of UGX 200,000	7% to 9% by term	By term
4. Retirement and Long-Term Savings	UGX 50,000 per month	9%	After lock-in
5. Target Savings	UGX 10,000 per month	6.5%	At target or date
6. Fixed Deposit	UGX 500,000	6% (3 months), 7% (6 months), 8% (12 months), 8.5% (24 months)	At maturity
7. Group and Cluster Savings	UGX 100,000	4.5%	By group resolution

SECOND SCHEDULE: LOAN PRODUCTS

(Bye-laws 51 to 55) Initial rates. The Board may revise these rates by resolution under bye-law 52, within the limit of 13 percent per annum on the reducing balance, and the revised rate schedule shall replace this Schedule.

Table 6: Loan products

Loan product	Purpose	Maximum amount (UGX)	Rate p.a.	Maximum period
1. Women and Inclusive Enterprise Loan	Enterprises of female graduates and graduates with disabilities	20 million	9%	24 months
2. Agro Value Chain Loan	Crop, livestock, fish, processing and agricultural clusters	200 million	10%	Seasonal to 48 months
3. Graduate Start-up Loan	First enterprises of new graduates	10 million	11%	24 months
4. Enterprise Growth Loan	Established enterprises and professional practices	100 million	12%	36 months
5. Emergency Loan	Urgent personal needs	2 million	13%	6 months
6. Asset and Equipment Finance	Machinery and equipment, up to 80% of cost	500 million (clusters)	11.5%	48 months
7. Innovation and Technology Loan	Commercialising innovations and digital enterprises	50 million	10.5%	36 months

THIRD SCHEDULE: DECLARATION OF OFFICE

I,, having been elected as of Ugandan Graduates Savings and Credit Cooperative Society Limited, declare that:

- (a) I meet the qualifications in bye-law 37;
- (b) I hold no partisan political office;
- (c) I have disclosed all my interests;
- (d) I will faithfully serve the members and uphold the Act, the Regulations and these bye-laws;
- (e) I will protect the funds of the Society; and
- (f) I will keep confidential the information entrusted to me.

Signature: Date: Witness:

FORM 1: APPLICATION FOR REGISTRATION

(Regulation 3 of the Cooperative Societies Regulations)

To: The Registrar of Cooperative Societies, Ministry of Trade, Industry and Cooperatives, Kampala.

We, the undersigned, being not fewer than thirty persons qualified for membership, hereby apply for the registration of the Society described below under the Cooperative Societies Act, Cap. 107, and submit copies of the proposed bye-laws.

Table 7: Particulars of the proposed society

Particular	Entry
Name of the society	Ugandan Graduates Savings and Credit Cooperative Society Limited
Registered address	Plot, Road, P.O. Box, Kampala
Area of operation	Uganda
Type of society	Primary savings and credit cooperative society
Liability	Limited by shares
Language of books of account	English
Name of interim Chairperson	
Name of interim Secretary (to whom communications should be sent)	
Name of interim Treasurer	
Date of inaugural meeting	

Table 8: Signatures of applicants (not fewer than thirty)

No.	Full name	National ID number	Qualification and institution	Shares	Signature
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					

No.	Full name	National ID number	Qualification and institution	Shares	Signature
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					

RECOMMENDATION AND REGISTRATION

Recommendation by the District Commercial Officer

I have examined the application and the proposed bye-laws of Ugandan Graduates Savings and Credit Cooperative Society Limited and recommend the Society for registration.

Name: Signature: Date:

District: Official stamp:

Certificate of registration

Registered under the Cooperative Societies Act, Cap. 107, this day of 20.....

Registration number:

.....

Registrar of Cooperative Societies